



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: SEE BELOW

DATE: February 21, 2023

Approved

Date

3/2/23

COUNCIL DISTRICT: 7

**SUBJECT: ACTIONS RELATED TO THE 9084-9183 - FIRE DEPARTMENT
TRAINING CENTER AND EMERGENCY OPERATION CENTER
RELOCATION PROJECT**

RECOMMENDATION

Approve an increase in the project construction contingency for the new Fire Department Training Center and the Emergency Operations Center Relocation Project at 1591 Senter Road from 10% of the construction contract amount to 12%, resulting in a new contingency amount of \$6,492,600, an increase of \$1,082,100.

SUMMARY AND OUTCOME

Adoption of the recommendation will provide additional funding needed to complete the construction of the project, which will accommodate the new Fire Department Training Center (FDTC) and the Emergency Operations Center (EOC) Relocation Project at 1591 Senter Road, adjacent to the City Central Service Yard facility at 1661 Senter Road. Approval of the added funding for the construction contingency will provide the funding due to unanticipated work that is necessary for completion of the project.

BACKGROUND

On January 12, 2021, the Mayor and City Council awarded the construction to the low bidder, Zovich construction, Inc. in the amount of \$54,105,000, including the City standard contingency of 10% for building projects in the amount of \$5,410,500¹. Construction began on March 1, 2021, with an anticipated beneficial use in March 2023. Due to electrical equipment delays from the manufacturer and utility company scheduling uncertainties for the installation and connectivity, and supply chain delays, the project is now expected to be completed in May of this year, with beneficial occupancy expected in July.

<https://sanjose.legistar.com/LegislationDetail.aspx?ID=4735571&GUID=62FBDBDF-35FE-479D-8CDD-0FAFCE5A45C5&Options=&Search=>

The FDTC and the EOC project includes two facilities being constructed as a joint facility located on the approximately 4.5-acre, vacant lot on 1591 Senter Road, at the southwest corner of East Alma Avenue and Senter Road. An additional acre of development extended onto the City of San Jose Central Service Yard with demolition of the approximately 1-acre parking lot north of Building A (Refer to Attachment A - Location Map).

The Project addresses two City needs. The FDTC relocation is necessary due to the sale of the current site at Montgomery Street and the EOC relocation is one of the priority projects identified in the Measure T - General Obligation Bond. Building these projects together creates a synergy during training exercises and allows flexible use of space during EOC activation.

The property at 1591 Senter Road was purchased by the City on October 2019 and was identified after various site studies as the best fit for the new FDTC. The site's direct adjacency to the City's Central Service Yard allows alternatives to support a unified set of City resources. Repurposing the existing parking lot on the northeast quadrant of the Central Service Yard allows for the building of training classrooms and support facilities, such as showers and locker rooms for the recruits, and staff offices. It was determined that the EOC could be successfully integrated with the FDTC, since their functional uses can support and assist each other. Although they share spaces, the project was designed as two adjacent buildings reflecting the structural requirements of each occupancy use. Additional project information is identified in the approved council award memorandum dated January 12, 2021.

ANALYSIS

To ensure the project's completion, additional contingency amount of approximately \$1,082,100 is required from the original \$5,410,500 contingency amount. The additional contingency funding is intended to replenish contingency already expended for various unforeseen conditions already encountered and provide additional funds for the proper construction and completion of the project. Some of the unforeseen conditions already addressed, contributing to the need for additional contingency funds include the need for additional soil vapor barriers, export of additional contaminated soil, the discovery and removal of an abandoned concrete footing, the installation of additional sprinklers as well as replacement of existing sprinklers as required by code inspections, and installation of anchors for the public art piece. Additionally, costs were incurred to facilitate the continuation of the Fire Department's training academy program, temporary trailers and generators were brought to the construction site and used as showers/lockers and office space and provide added security oversight.

The project construction is approximately 85% complete with an expected completion in May of this year. To date, the City has expended 80% (\$4,274,644) of the original \$5,410,500 construction contingency. Of this amount, over \$900,000 was expended on the above unforeseen conditions beyond a typical construction of a project. These project conditions, adjustments and adds were not known or identified in the project construction documents completed prior to the project being bid.

Considering the above noted conditions with the change orders issued to date, increasing the project contingency by 2%, in the amount of \$1,082,100 (from \$5,410,500 to \$6,492,600) will provide additional funding to address further unforeseen conditions. The additional contingency would come from the project savings from the allocated energy resilience, and furniture and equipment costs. Any excess not used in contingency will remain in the project funding source.

San Jose Municipal Code Section 27.04.050 provides that the contingency for all Public Works projects in the City (except those involving the renovation of a building or buildings) cannot exceed 10% of the total contract amount. Staff recommends under this memorandum request increasing to a 12% contingency, which should be sufficient to account for any additional unforeseen conditions that might arise in the construction of this project.

Project Labor Agreement Applicability

A project labor agreement (PLA) is applicable to this project because the engineer's estimate is over three million dollars.

Local and Small Business Outreach

Procurement staff used Biddingo to outreach to local and small business enterprises. Chapter 4.12 of the San Jose Municipal Code defines a "local business enterprise" as one with a legitimate business presence in Santa Clara County and "small business enterprise" as a local business enterprise with 35 or fewer employees. At time of bid, procurement staff sent bid invitations to 2,600 vendors, and documents were downloaded by 83 vendors, approximately 10 of which were located within Santa Clara County and therefore local. The recommended contractor is not a local or a small business enterprise. Eight of the 27 Zovich Construction subcontractors are located within Santa Clara County.

Green Building Policy

In accordance with the Green Building policy, this project was designed and will be built to meet "Silver" rating using the Leadership in Energy and Environmental Design (LEED) rating system. Project will be registered, per the City Green Building Policy.

Climate Smart San Jose

The recommendation in this memorandum aligns with one or more Climate Smart San José energy, water, or mobility goals. The new facilities shall be Net Zero Ready compliant. The FDTC/EOC project will be the third City facility that is fully Net-Zero Carbon compliant.

CONCLUSION

Based on the findings as described in the Analysis section of this memorandum, staff recommends the approval of the contingency increase for the construction of the Fire Department Training Center and the Emergency Operations Center Relocation project.

EVALUATION AND FOLLOW-UP

Approval of this recommendation will provide the funding due to unanticipated work that is necessary for completion of the Project. No subsequent Council action on this issue is expected.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

COST SUMMARY/IMPLICATIONS

1. TOTAL COST OF PROJECT:

Project Delivery	10,219,621
Construction	\$54,105,000
Contingency	5,410,500
Increased Contingency	1,082,100
Other Costs (Land Acquisition, Solar panel removal, FF&E, Energy Resiliency Reserve, History SJ Museum relocation, Measure T Administration, and Public Art)	16,417,779
Total Project Costs:	<u>\$87,235,000</u>
* Prior Years' Expenditures/ Encumbrances and Current Year Expenditures Through December 31, 2022:	<u>(80,365,582)</u>
TOTAL REMAINING PROJECT COSTS	\$6,869,418

2. COST ELEMENTS OF AGREEMENT/CONTRACT: NA

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract contingency increase recommended as part of this memo. Staff seeks City Council approval to increase the project contingency to 12% to finalize the construction of the new Fire Department Training Center and Emergency Operations Center project next to the Central Service Yard. The current project budget is sufficient to cover these increased contingency costs through anticipated project savings related to funding for energy resilience, and furniture and equipment costs.

Fund #	Appn #	Appn Name	Total Appn	Amt for Contract	2022-2023 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
498	414W	Measure T - Emergency Operations Center Relocation	\$3,818,000	\$300,000	777	10/18/2022 Ord No.30833
001	417L	Fire Training Center Relocation	\$5,525,000	\$782,100	776	10/18/2022 Ord No.30833

COORDINATION

This memorandum has been coordinated with the City Attorney’s Office, and City Manager’s Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City’s Council Agenda website for the March 14, 2023 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Fire Training and Emergency Operations Center Relocation Project Mitigated Negative Declaration, File No. ER20-180.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City’s Open Government Resolution.

HONORABLE MAYOR AND CITY COUNCIL

February 13, 2023

Subject: Actions Related to the 9084-9183 – Fire Department Training Center and Emergency Operation Center Relocation Project

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/s/

MATT LOESCH

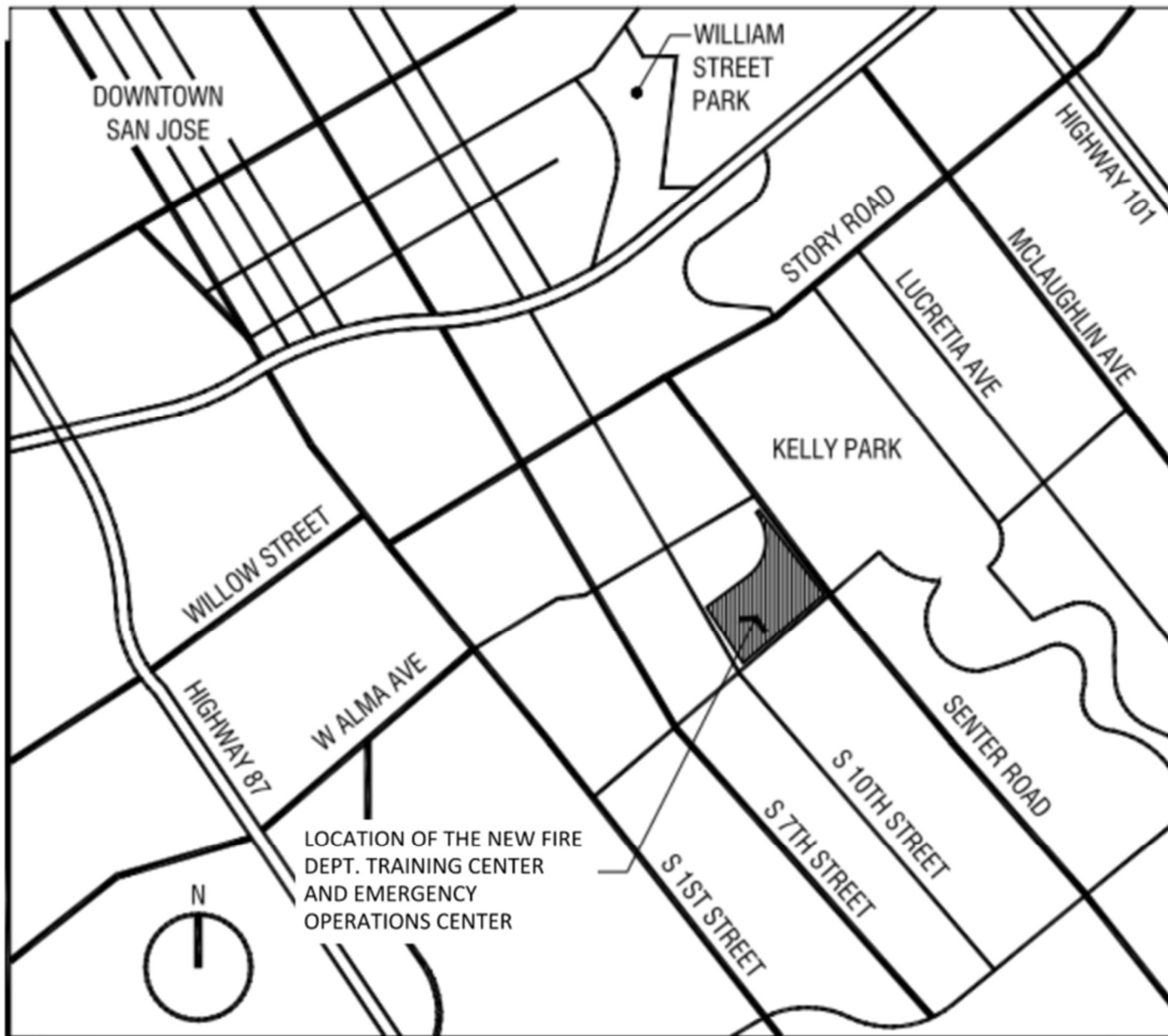
Acting Director of Public Works

For questions, please contact Katherine Brown, Interim Assistant Director of Public Works, at katherine.brown@sanjoseca.gov or (408) 795-1679.

Attachments:

A: Location Map - 9084-9183 - Fire Department Training Center and Emergency Operation Center Relocation Project

B: Site Plan - 9084-9183 - Fire Department Training Center and Emergency Operation Center Relocation Project



FIRE DEPARTMENT TRAINING CENTER AND
EMERGENCY OPERATIONS CENTER
LOCATION MAP
NOT TO SCALE



